

111TH CONGRESS  
1ST SESSION

# H. R. 1677

To amend the Internal Revenue Code of 1986 to extend and expand the benefits for businesses operating in empowerment zones, enterprise communities, or renewal communities, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 2009

Mr. DAVIS of Alabama (for himself, Mr. ALEXANDER, Mr. MAFFEI, Mr. HIGGINS, Mr. CAO, Ms. CLARKE, Mr. MCGOVERN, Mr. SNYDER, Mr. LEWIS of Georgia, Mr. RODRIGUEZ, Mr. CARNAHAN, and Mr. FRANK of Massachusetts) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to extend and expand the benefits for businesses operating in empowerment zones, enterprise communities, or renewal communities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Empowerment Zone, Renewal Community and Enter-  
6 prise Community Enhancement Act of 2009”.

1 (b) AMENDMENT OF 1986 CODE.—Except as other-  
 2 wise expressly provided, whenever in this Act an amend-  
 3 ment or repeal is expressed in terms of an amendment  
 4 to, or repeal of, a section or other provision, the reference  
 5 shall be considered to be made to a section or other provi-  
 6 sion of the Internal Revenue Code of 1986.

7 **SEC. 2. EXTENSION OF BENEFITS.**

8 (a) EMPOWERMENT ZONES.—

9 (1) ROUNDS I AND II DESIGNATIONS.—Section  
 10 1391(d)(1) is amended by striking “December 31,  
 11 2009” in subparagraph (A)(i) and inserting “De-  
 12 cember 31, 2015”.

13 (2) ROUND III DESIGNATIONS.—Section  
 14 1391(h)(2) is amended by striking “December 31,  
 15 2009” and inserting “December 31, 2015”.

16 (b) RURAL ENTERPRISE COMMUNITIES.—Section  
 17 1391(d)(1)(A) is amended by striking “or” at the end of  
 18 clause (i) and by striking clause (ii) and inserting the fol-  
 19 lowing new clauses:

20 “(ii) in the case of an enterprise commu-  
 21 nity not described in clause (iii), the close of  
 22 the 10th calendar year beginning on or after  
 23 such date of designation, or

24 “(iii) in the case of an enterprise commu-  
 25 nity designated in a rural area pursuant to sec-

1           tion 766 of division A of the Omnibus Consoli-  
2           dated and Emergency Supplemental Appropria-  
3           tions Act, 1999, December 31, 2015,”.

4           (c) RENEWAL COMMUNITIES.—

5           (1) Sections 1400E(b) and 1400I(g) are each  
6           amended by striking “December 31, 2009” each  
7           place it appears and inserting “December 31,  
8           2015”.

9           (2) Sections 1400E(b)(3), 1400F(b), and  
10          1400J(b) are each amended by striking “January 1,  
11          2010” each place it appears and inserting “January  
12          1, 2016”.

13          (3) Section 1400F(c)(2) amended by striking  
14          “December 31, 2014” and inserting “December 31,  
15          2020”.

16          (4) Section 1400F(d) is amended by striking  
17          “December 31, 2014” and inserting “December 31,  
18          2020”.

19          (5) Section 1400I(d)(2)(A) is amended by strik-  
20          ing “2010” and inserting “2016”.

21          (d) TREATMENT OF TERMINATION DATES SPECI-  
22          FIED IN NOMINATIONS.—

23          (1) Paragraph (1) of section 1391(d) of such  
24          Code is amended by adding at the end the following  
25          new flush sentence:

1 “The termination date referred to in subparagraph  
 2 (B) shall be treated as being no earlier than the ter-  
 3 mination date under subparagraph (A) unless an  
 4 earlier termination date is designated under sub-  
 5 paragraph (B) after the date of the enactment of  
 6 this sentence.”.

7 (2) Paragraph (1) of section 1400E(b) of such  
 8 Code is amended by adding at the end the following  
 9 new flush sentence:

10 “The termination date referred to in subparagraph  
 11 (B) shall be treated as being no earlier than the ter-  
 12 mination date under subparagraph (A) unless an  
 13 earlier termination date is designated under sub-  
 14 paragraph (B) after the date of the enactment of  
 15 this sentence.”.

16 **SEC. 3. REVISION OF BENEFITS.**

17 (a) SAFE HARBOR FOR MEETING REQUIREMENT  
 18 THAT 35 PERCENT OF EMPLOYEES BE RESIDENTS OF  
 19 ZONE.—

20 (1) IN GENERAL.—Section 1397C (defining en-  
 21 terprise zone business) is amended by adding at the  
 22 end the following new subsection:

23 “(g) ADDITIONAL SAFE HARBOR FOR MEETING RE-  
 24 QUIREMENT THAT 35 PERCENT OF EMPLOYEES BE RESI-  
 25 DENTS OF ZONE.—The requirements of subsections (b)(6)

1 and (c)(5) shall not fail to be treated as met for any period  
2 with respect to a qualified business if—

3 “(1) as of the date of issuance of an issue, the  
4 date property is placed in service, or the date of the  
5 sale of an asset, it is reasonably expected that within  
6 3 years after such date the business will increase  
7 employment by at least the lesser of—

8 “(A) in the case of—

9 “(i) a business located in a renewal  
10 community or in a rural area (as defined  
11 in section 1393(a)(2)) in an empowerment  
12 zone or enterprise community, 500 full-  
13 time employees, or

14 “(ii) a business located outside a rural  
15 area (as so defined) in an empowerment  
16 zone or enterprise community, 1,000 full-  
17 time employees, or

18 “(B) 10 percent of the number of full-time  
19 employees estimated to have been employed in  
20 such zone or community on the date of its des-  
21 ignation,

22 “(2) as of the date of issuance of the issue, it  
23 is reasonably expected that as a result of the bonds  
24 the business will increase employment by at least

1       one job for each \$150,000 in face amount of the  
2       issue,

3           “(3) at any time within 3 years after the date  
4       of the issuance of an issue, the date property is  
5       placed in service, or the date of the sale of an asset,  
6       the requirements of such subsections are met, or

7           “(4) the business enters into a binding agree-  
8       ment with the appropriate local government employ-  
9       ment agency to apply a first source rule to advertise  
10      and prioritize employment opportunities with such  
11      business for qualified residents of such zone or com-  
12      munity.”.

13           (2) EFFECTIVE DATE.—The amendment made  
14      by this subsection shall take effect on the date of the  
15      enactment of this Act, except that in the case of ob-  
16      ligations which are outstanding on such date, such  
17      date shall be deemed the date of issuance for such  
18      obligations.

19      (b) ELIGIBILITY OF BUSINESSES DEVELOPING OR  
20      HOLDING INTANGIBLES.—

21           (1) IN GENERAL.—Paragraph (4) of section  
22      1397C(d) is amended by inserting before the period  
23      “unless the intangibles are developed within the em-  
24      powerment zone”.

1           (2) EFFECTIVE DATE.—The amendment made  
 2       by this subsection shall apply to taxable years begin-  
 3       ning after the date of the enactment of this Act.

4       (c) REDUCED WAGE CREDIT ALLOWABLE FOR ZONE  
 5 RESIDENTS EMPLOYED OUTSIDE THE ZONE; EMPLOYEES  
 6 NEED NOT BE RESIDENTS OF ZONE IN WHICH EM-  
 7 PLOYED.—

8           (1) IN GENERAL.—Subsection (b) of section  
 9       1396 is amended to read as follows:

10       “(b) APPLICABLE PERCENTAGE.—

11           “(1) QUALIFIED ZONE EMPLOYEES WHO PER-  
 12       FORM SUBSTANTIALLY ALL OF THEIR SERVICES IN  
 13       AN EMPOWERMENT ZONE.—The applicable percent-  
 14       age is 20 percent with respect to qualified zone em-  
 15       ployees who would meet the requirement of sub-  
 16       section (d)(1) if only services performed within an  
 17       empowerment zone were taken into account.

18           “(2) OTHER QUALIFIED ZONE EMPLOYEES.—

19           “(A) IN GENERAL.—The applicable per-  
 20       centage is—

21           “(i) 20 percent in the case of des-  
 22       ignated qualified zone employees of em-  
 23       ployers which are enterprise zone busi-  
 24       nesses, and

1 “(ii) 10 percent in the case of any  
2 other designated qualified zone employee.

3 “(B) LIMITATIONS ON NUMBER OF DES-  
4 IGNATED EMPLOYEES.—

5 “(i) IN GENERAL.—For purposes of  
6 subparagraph (A), the term ‘designated  
7 qualified zone employee’ means a qualified  
8 zone employee—

9 “(I) to whom paragraph (1) does  
10 not apply, and

11 “(II) who is designated under  
12 this subparagraph.

13 “(ii) MANNER OF DESIGNATIONS.—  
14 Designations under this subparagraph  
15 shall be made by the local government or  
16 governments which nominated the area to  
17 be an empowerment zone.

18 “(iii) LIMITATION ON DESIGNA-  
19 TIONS.—The number of employees for  
20 whom a designation under this subpara-  
21 graph is in effect at any one time with re-  
22 spect to each empowerment zone shall not  
23 exceed—

24 “(I) 500 for purposes of subpara-  
25 graph (A)(i), and



1 “(II) 2,000 for purposes of sub-  
 2 paragraph (A)(ii).”.

3 (2) QUALIFIED ZONE EMPLOYEE.—Paragraph  
 4 (1) of section 1396(d) is amended—

5 (A) by striking “within an empowerment  
 6 zone” in subparagraph (A), and

7 (B) by striking “such empowerment zone”  
 8 in subparagraph (B) and inserting “an em-  
 9 powerment zone”.

10 (3) EFFECTIVE DATE.—The amendments made  
 11 by this subsection shall apply to taxable years begin-  
 12 ning after the date of the enactment of this Act.

13 (d) CARRYFORWARD OF UNALLOCATED STATE COM-  
 14 Mercial REVITALIZATION EXPENDITURE CEILING.—

15 (1) IN GENERAL.—Paragraph (1) of section  
 16 1400I(d) is amended to read as follows:

17 “(1) IN GENERAL.—The aggregate commercial  
 18 revitalization expenditure amount which a commer-  
 19 cial revitalization agency may allocate for any cal-  
 20 endar year is the amount equal to the sum of—

21 “(A) the amount of the State commercial  
 22 revitalization expenditure ceiling determined  
 23 under this paragraph for such calendar year for  
 24 such agency (determined without regard to sub-  
 25 paragraph (B)), and

1           “(B) the aggregate of the unused State  
2           commercial revitalization expenditure ceilings  
3           determined under this paragraph for such agen-  
4           cy for each of the 2 preceding calendar years.

5           For purposes of subparagraph (B), amounts of ex-  
6           penditure ceiling shall be treated as allocated by an  
7           agency first from unused amounts for the second  
8           preceding calendar year, then from unused amounts  
9           for the 1st preceding calendar year, and then from  
10          amounts from the current year State allocation.”.

11          (2) EFFECTIVE DATE.—The amendment made  
12          by this subsection shall apply to calendar years be-  
13          ginning after the date of the enactment of this Act.

14          (e) COMMERCIAL REVITALIZATION DEDUCTION FOR  
15          BUILDING EXPANSIONS.—

16          (1) IN GENERAL.—Section 1400I(b)(1) is  
17          amended—

18                  (A) by striking “any building (and its  
19                  structural components) if”,

20                  (B) by inserting “any building (and its  
21                  structural components) if” before “the building  
22                  is placed” in subparagraph (A),

23                  (C) by striking “or” at the end of subpara-  
24                  graph (A),

1 (D) by striking “such building not de-  
2 scribed in subparagraph (A),” in subparagraph  
3 (B) and inserting “any building (and its struc-  
4 tural components) not described in subpara-  
5 graph (A) if”,

6 (E) by striking the period at the end of  
7 subparagraph (B)(ii) and inserting “, or”, and

8 (F) by adding at the end the following new  
9 subparagraph:

10 “(C) in the case of any expansion of a  
11 building not described in subparagraph (A) or  
12 (B), such expansion if—

13 “(i) such expansion is made to a  
14 building owned by the taxpayer,

15 “(ii) the taxpayer provides a detailed  
16 accounting of the distinct capital costs at-  
17 tributable to such expansion, and

18 “(iii) such expansion is placed in serv-  
19 ice by the taxpayer in a renewal commu-  
20 nity and the original use of such expansion  
21 begins with the taxpayer.”.

22 (2) EFFECTIVE DATE.—The amendments made  
23 by this subsection shall apply to property placed in  
24 service after the date of the enactment of this Act.

1 (f) AUTHORITY TO EXPAND BOUNDARIES OF ZONES  
2 AND COMMUNITIES.—

3 (1) EMPOWERMENT ZONES AND ENTERPRISE  
4 COMMUNITIES.—Section 1391 is amended by adding  
5 at the end the following new subsection:

6 “(i) AUTHORITY TO EXPAND BOUNDARIES OF DES-  
7 IGNATED AREAS.—

8 “(1) IN GENERAL.—At the request of all gov-  
9 ernments which nominated an area as an empower-  
10 ment zone or enterprise community, the appropriate  
11 Secretary may expand the area of such zone or com-  
12 munity to include 1 or more contiguous or non-  
13 contiguous areas if such governments establish to  
14 the satisfaction of the appropriate Secretary that  
15 such expansion furthers the purposes of the designa-  
16 tion of the initial area as such a zone or community.

17 “(2) RURAL AREAS.—With respect to any em-  
18 powerment zone or enterprise community located in  
19 a rural area, at the request of the nominating local  
20 government, the appropriate Secretary shall expand  
21 the area of such zone or community to include the  
22 entire area of such nominating local government, but  
23 only if—

24 “(A) either—

1 “(i) the poverty rate and the unem-  
2 ployment rate for such entire area as de-  
3 termined by the 2000 decennial census  
4 data was at least 110 percent of such rate  
5 for the United States, or

6 “(ii) during the period beginning with  
7 the 1990 decennial census and ending with  
8 the 2000 decennial census, such entire  
9 area has a net out migration of inhabitants  
10 of at least 10 percent of the population of  
11 such area, and

12 “(B) such entire area meets 1 or more of  
13 the following criteria determined by the 2000  
14 decennial census data:

15 “(i) Median household income is not  
16 more than 70 percent of such income for  
17 the United States.

18 “(ii) Per capita income is not more  
19 than 75 percent of such income for the  
20 United States.

21 “(iii) The percentage of such area’s  
22 population which is disabled is at least 130  
23 percent of such percentage for the United  
24 States.”.

1           (2) RENEWAL COMMUNITIES.—Section 1400E  
2       is amended by adding at the end the following new  
3       subsection:

4       “(h) AUTHORITY TO EXPAND BOUNDARIES OF DES-  
5       IGNATED AREAS.—

6           “(1) IN GENERAL.—At the request of all gov-  
7       ernments which nominated an area as a renewal  
8       community, the Secretary of Housing and Urban  
9       Development may expand the area of such commu-  
10      nity to include 1 or more noncontiguous areas if  
11      such governments establish to the satisfaction of  
12      such Secretary that such expansion furthers the pur-  
13      poses of the designation of the initial area as a re-  
14      newal community.

15          “(2) RURAL AREAS.—With respect to any re-  
16      newal community located in a rural area, at the re-  
17      quest of the nominating local government, the Sec-  
18      retary of Housing and Urban Development shall ex-  
19      pand the area of such community to include the en-  
20      tire area of such nominating local government, but  
21      only if—

22           “(A) either—

23               “(i) the poverty rate and the unem-  
24               ployment rate for such entire area as de-  
25               termined by the 2000 decennial census

1 data was at least 110 percent of such rate  
2 for the United States, or

3 “(ii) during the period beginning with  
4 the 1990 decennial census and ending with  
5 the 2000 decennial census, such entire  
6 area has a net out migration of inhabitants  
7 of at least 10 percent of the population of  
8 such area, and

9 “(B) such entire area meets 1 or more of  
10 the following criteria determined by the 2000  
11 decennial census data:

12 “(i) Median household income is not  
13 more than 70 percent of such income for  
14 the United States.

15 “(ii) Per capita income is not more  
16 than 75 percent of such income for the  
17 United States.

18 “(iii) The percentage of such area’s  
19 population which is disabled is at least 130  
20 percent of such percentage for the United  
21 States.”.

22 (3) EFFECTIVE DATE.—The amendments made  
23 by this subsection shall take effect on the date of the  
24 enactment of this Act.

1 (g) MODIFICATION OF REQUIREMENT FOR EXPAND-  
2 ING DESIGNATED AREA BASED ON 2000 CENSUS.—

3 (1) IN GENERAL.—Clause (ii) of section  
4 1400E(g)(1)(A) is amended to read as follows:

5 “(ii) such tract has a poverty rate  
6 using 2000 census data—

7 “(I) which is at least 20 percent,  
8 or

9 “(II) which exceeds the poverty  
10 rate for such tract using 1990 census  
11 data.”.

12 (2) EFFECTIVE DATE.—The amendment made  
13 by this subsection shall take effect on the date of the  
14 enactment of this Act.

15 (h) REPEAL OF EXCLUSION OF CENTRAL BUSINESS  
16 DISTRICT FROM ELIGIBILITY AS DESIGNATED AREA.—

17 (1) IN GENERAL.—Paragraph (3) of section  
18 1392(a) is amended by adding “and” at the end of  
19 subparagraph (B), by striking “, and” at the end of  
20 subparagraph (C) and inserting a period, and by  
21 striking subparagraph (D).

22 (2) EFFECTIVE DATE.—The amendments made  
23 by this subsection shall take effect on the date of the  
24 enactment of this Act.



1 (i) CARRYOVER OF UNUSED INCREASED SECTION  
2 179 EXPENSING LIMIT.—

3 (1) IN GENERAL.—Subparagraph (A) of section  
4 1397A(a)(1) is amended to read as follows:

5 “(A) the sum of—

6 “(i) \$35,000, and

7 “(ii) the aggregate of the unused in-  
8 creased limitations for each of the 2 pre-  
9 ceding taxable years, or”.

10 (2) UNUSED INCREASED LIMITATION.—Section  
11 1397A is amended by adding at the end the fol-  
12 lowing new subsection:

13 “(c) UNUSED INCREASED LIMITATION.—For pur-  
14 poses of subsection (a)(1)(A)—

15 “(1) IN GENERAL.—The unused increased limi-  
16 tation for any taxable year is the excess (but not  
17 more than \$35,000) of the limitation under section  
18 179(b)(1) as increased under subsection (a) over the  
19 cost of section 179 property which is qualified zone  
20 property placed in service during the taxable year.

21 “(2) ORDERING RULE.—The limitation under  
22 section 179(b)(1) as increased under subsection (a)  
23 shall be treated as used first from unused limitation  
24 for the second preceding calendar year, then from  
25 unused limitation for the 1st preceding calendar

1 year, and then from such limitation for the current  
 2 year.”.

3 (3) EFFECTIVE DATE.—The amendments made  
 4 by this subsection shall apply to taxable years begin-  
 5 ning after the date of the enactment of this Act.

6 (j) ELECTION OF FINANCING ARRANGEMENT IN  
 7 LIEU OF TAX BENEFITS.—

8 (1) IN GENERAL.—Section 1396 is amended by  
 9 adding at the end the following new subsection:

10 “(e) ELECTION OF FINANCING ARRANGEMENT IN  
 11 LIEU OF TAX BENEFITS.—

12 “(1) IN GENERAL.—At the election of any sig-  
 13 nificant empowerment zone business, for the pay-  
 14 ment period of the debt obligation designated in  
 15 such election (or as an amendment to such election)  
 16 by such business—

17 “(A) such business—

18 “(i) shall not be allowed an empower-  
 19 ment zone employment credit described in  
 20 subsection (a), and

21 “(ii) shall not be allowed any deduc-  
 22 tion for depreciation under section 168  
 23 with respect to qualified zone property that  
 24 provides a cost recovery benefit described  
 25 in paragraph (2), and

1           “(B) the Secretary shall make the pay-  
2           ments described in paragraph (2) to a trustee  
3           designated by the electing business to accept  
4           such payments on behalf of such holders).

5           “(2) PAYMENTS.—

6           “(A) IN GENERAL.—At the beginning of  
7           each year of the payment period, the Secretary  
8           shall pay (out of any money in the Treasury not  
9           otherwise appropriated) to the trustee des-  
10          ignated by such business an amount equal to—

11                  “(i) the empowerment zone employ-  
12                  ment credit computed for such year under  
13                  this section as if the election was not made  
14                  under this subsection, and

15                  “(ii) except as provided in paragraph  
16                  (4)(A), the amount equal to the cost recov-  
17                  ery benefit divided by the number of years  
18                  in the payment period described in sub-  
19                  paragraph (C).

20           “(B) COST RECOVERY BENEFIT.—For pur-  
21           poses of subparagraph (A), the cost recovery  
22           benefit shall be an amount equal to 25 percent  
23           of—

24                  “(i) the cost of any tangible property  
25                  which is qualified zone property (including

1 improvements to such tangible property)  
2 incurred by the significant empowerment  
3 zone business before the end of the first 5  
4 full calendar years beginning after the date  
5 the election is made under this subsection,  
6 and

7 “(ii) any such cost for which a bind-  
8 ing contract for financing the acquisition  
9 of such tangible property (including im-  
10 provements to such tangible property) has  
11 been made by such business and which  
12 under the terms of the financing is to be  
13 incurred within the first 5 full calendar  
14 years beginning after the date of the elec-  
15 tion made under this subsection.

16 “(C) PAYMENT PERIOD.—The payment pe-  
17 riod is the period of 15 calendar years begin-  
18 ning with the earlier of—

19 “(i) the calendar year specified by the  
20 significant empowerment zone business as  
21 the 1st year of the payment period without  
22 regard to the date the property is placed in  
23 service, or

1 “(ii) the 5th calendar year beginning  
2 after the date that the election under this  
3 subsection is made.

4 “(3) SIGNIFICANT EMPOWERMENT ZONE BUSI-  
5 NESS.—For purposes of this subsection, the term  
6 ‘significant empowerment zone business’ means any  
7 trade or business operating in an empowerment zone  
8 if—

9 “(A) such business is nominated by the  
10 chief executive or the legislative body of the  
11 State or a local government in which the zone  
12 property is located, and

13 “(B) the Secretary of Housing and Urban  
14 Development determines that—

15 “(i) it is a facility for qualified re-  
16 search as defined in section 41(d) which is  
17 reasonably anticipated to make at least  
18 \$50,000,000 of capital expenditures within  
19 the first 3 years of the payment period, or

20 “(ii) with respect to any other busi-  
21 ness, it is reasonably anticipated that such  
22 business will increase employment in such  
23 zone by the end of the first 3 years of the  
24 payment period by at least the lesser of—

1 “(I) 1,000 full-time employees or  
2 equivalents, or

3 “(II) 10 percent of the number  
4 of full-time employees estimated to  
5 have been employed in such zone on  
6 the date of its designation.

7 “(4) SPECIAL RULES.—

8 “(A) ADJUSTMENT TO COST RECOVERY  
9 BENEFIT.—In the event that the significant em-  
10 powerment zone business does not incur a cost  
11 within the period described in paragraph (2)(B)  
12 and for which a cost recovery benefit payment  
13 is made under this subsection, the Secretary  
14 shall reduce future recovery benefit payments to  
15 recover 110 percent of the overpayments in  
16 equal installments over the remaining payment  
17 period. In the event that a cost described in  
18 paragraph (2)(B)(i) is incurred, or a contract  
19 described in paragraph (2)(B)(ii) is entered  
20 into, after the beginning of the payment period,  
21 the Secretary shall increase future recover ben-  
22 efit payments to recover 100 percent of the cost  
23 recovery benefit associated with such costs or  
24 contracts in equal installments over the remain-  
25 ing payment period.

1           “(B) BASIS ADJUSTMENT.—For purposes  
 2           of this subtitle, if a cost recovery payment is  
 3           made under this subsection with respect to any  
 4           property, the basis of such property shall be re-  
 5           duced by the amount of such payment.

6           “(5) TREATMENT OF PAYMENTS.—Any pay-  
 7           ment made under this subsection shall not be treat-  
 8           ed as a Federal Government guarantee for purposes  
 9           of section 149(b).”.

10          (2) CONFORMING AMENDMENT.—Section  
 11          1016(a) is amended by striking “and” at the end of  
 12          paragraph (36), by striking the period at the end of  
 13          paragraph (37) and inserting “, and”, and by add-  
 14          ing at the end the following new paragraph:

15          “(38) to the extent provided in section  
 16          1396(e)(4)(B).”.

17          (3) EFFECTIVE DATE.—The amendments made  
 18          by this subsection shall apply to taxable years begin-  
 19          ning after the date of the enactment of this Act.

20          (k) CERTAIN FEDERALLY GUARANTEED BONDS  
 21          ISSUED TO PROVIDE INVESTMENTS IN EMPOWERMENT  
 22          ZONES AND RENEWAL COMMUNITIES PERMITTED TO BE  
 23          TAX-EXEMPT, ETC.—

24          (1) IN GENERAL.—Subparagraph (A) of section  
 25          149(b)(3) is amended by striking “or” at the end of

1 clause (ii), by striking the period at the end of  
2 clause (iii) and inserting “, or”, and by adding at  
3 the end the following new clause:

4 “(iv) any guarantee by a Federal  
5 Home Loan Bank for a bond 95 percent or  
6 more of the net proceeds of which are to  
7 be used to provide property in an em-  
8 powerment zone or renewal community.”.

9 (2) EFFECTIVE DATE.—The amendments made  
10 by this subsection shall apply to bonds issued after  
11 the date of the enactment of this Act.

12 (l) TAX-EXEMPT INTEREST OF FINANCIAL INSTITU-  
13 TIONS ON ZONE FACILITY BONDS NOT SUBJECT TO IN-  
14 TEREST DISALLOWANCE.—

15 (1) IN GENERAL.—Subparagraph (B) of section  
16 265(b)(3) (defining qualified bond) is amended by  
17 adding at the end the following new clause:

18 “(iii) ENTERPRISE ZONE FACILITY  
19 BONDS.—The term ‘qualified tax-exempt  
20 obligation’ includes any obligation which is  
21 treated as an exempt facility bond by sec-  
22 tion 1394.”.

23 (2) EFFECTIVE DATE.—The amendment made  
24 by this subsection shall apply to taxable years begin-  
25 ning after the date of the enactment of this Act.



1 (m) DEVELOPABLE SITES POPULATION CLARIFICA-  
 2 TION.—

3 (1) IN GENERAL.—Subparagraph (C) of section  
 4 1391(g)(3) (relating to modifications to eligibility  
 5 criteria, etc.) is amended to read as follows:

6 “(C) POPULATION LIMITATION.—

7 “(i) AGGREGATE POPULATION LIMITA-  
 8 TION.—The aggregate population limita-  
 9 tion under the last sentence of subsection  
 10 (b)(2) shall not apply to a designation  
 11 under paragraph (1).

12 “(ii) EXCEPTION FOR DEVELOPABLE  
 13 SITES.—The parcels described in subpara-  
 14 graph (A)(iii) shall not be taken into ac-  
 15 count in determining whether the require-  
 16 ment of section 1392(a)(1)(A) is met.”.

17 (2) EFFECTIVE DATE.—The amendment made  
 18 by this subsection shall take effect on the date of the  
 19 enactment of this Act.

20 (n) REPORTING.—The Secretary of the Treasury (or  
 21 the Secretary’s delegate) shall annually submit to the  
 22 Committee on Ways and Means of the House of Rep-  
 23 resentatives and the Committee on Finance of the Senate  
 24 a report detailing for each empowerment zone, enterprise

1 community, and renewal community the amount and type  
 2 of claimed tax benefits.

3 **SEC. 4. ADDITIONAL ACCESS TO CAPITAL BY RURAL EN-**  
 4 **TERPRISE COMMUNITIES AND CERTAIN EM-**  
 5 **POWERMENT ZONES.**

6 (a) IN GENERAL.—Section 1394 (relating to tax-ex-  
 7 empt enterprise zone facility bonds) is amended by adding  
 8 at the end the following new subsection:

9 “(g) BONDS FOR RURAL ENTERPRISE COMMU-  
 10 NITIES.—

11 “(1) IN GENERAL.—In the case of a rural en-  
 12 terprise community bond—

13 “(A) such bond shall not be treated as a  
 14 private activity bond for purposes of section  
 15 146, and

16 “(B) subsections (c) and (f)(2) of this sec-  
 17 tion shall not apply.

18 “(2) LIMITATION OF AMOUNT OF BONDS.—

19 “(A) IN GENERAL.—Paragraph (1) shall  
 20 apply to a rural enterprise community bond  
 21 only if such bond is designated for purposes of  
 22 this subsection by the Secretary of Agriculture  
 23 for the area to which such bond relates.

24 “(B) LIMITATION ON BONDS DES-  
 25 IGNATED.—The aggregate face amount of

1 bonds which may be designated under subpara-  
2 graph (A) with respect to all rural enterprise  
3 communities shall not exceed \$200,000,000.

4 “(C) SPECIAL RULES.—

5 “(i) COORDINATION WITH OTHER LIM-  
6 ITATIONS.—Bonds to which paragraph (1)  
7 applies shall not be taken into account in  
8 applying the limitation of subsection (e) or  
9 (f)(2) to other bonds.

10 “(ii) CURRENT REFUNDINGS NOT  
11 TAKEN INTO ACCOUNT.—In the case of a  
12 refunding (or series of refundings) of a  
13 bond designated under this paragraph, the  
14 refunding obligation shall be treated as  
15 designated under this paragraph (and shall  
16 not be taken into account in applying sub-  
17 paragraph (B)) if—

18 “(I) the amount of the refunding  
19 bond does not exceed the outstanding  
20 amount of the refunded bond, and

21 “(II) the refunded bond is re-  
22 deemed not later than 90 days after  
23 the date of issuance of the refunding  
24 bond.

1           “(3) RURAL ENTERPRISE COMMUNITY BOND.—

2           For purposes of this subsection, the term ‘rural en-  
3           terprise community bond’ means any bond which  
4           would be described in subsection (a) if all rural en-  
5           terprise communities were taken into account under  
6           sections 1397C and 1397D.

7           “(4) DESIGNATION PROCEDURE.—The Sec-  
8           retary of Agriculture shall establish within 90 days  
9           after the date of the enactment of this subsection,  
10          the procedure for the nomination and selection of  
11          rural enterprise communities with respect to the des-  
12          ignation of rural enterprise community bonds.”.

13          (b) ACCESS TO ADDITIONAL CAPITAL BY CERTAIN  
14          EMPOWERMENT ZONES.—Section 1394 (relating to tax-  
15          exempt enterprise zone facility bonds), as amended by sub-  
16          section (a), is amended by adding at the end the following  
17          new subsection:

18          “(h) ACCESS TO CAPITAL FOR EMPOWERMENT  
19          ZONES THAT HAVE UTILIZED THE EXISTING ALLOCA-  
20          TION.—

21                 “(1) IN GENERAL.—The appropriate Secretary  
22                 may designate empowerment zone facility bonds in  
23                 excess of the applicable limitation amounts under  
24                 subsections (c) and (f)(2) in the case of any em-  
25                 powerment zone with respect to which enterprise

1 zone facility bonds and empowerment zone facility  
2 bonds have been designated and issued up to such  
3 applicable limitation amounts as of December 31,  
4 2009.

5 “(2) LIMITATION OF AMOUNT OF BONDS.—

6 “(A) IN GENERAL.—Paragraph (1) shall  
7 apply to an empowerment zone facility bond  
8 only if such bond is designated for purposes of  
9 this subsection by the appropriate Secretary for  
10 the area to which such bond relates.

11 “(B) LIMITATION ON BONDS DES-  
12 IGNATED.—The aggregate face amount of  
13 bonds which may be designated under subpara-  
14 graph (A)—

15 “(i) with respect to all empowerment  
16 zones described in paragraph (1) shall not  
17 exceed \$300,000,000,

18 “(ii) with respect to all urban areas  
19 shall not exceed \$230,000,000, and

20 “(iii) with respect to all rural areas  
21 shall not exceed \$70,00,000.

22 “(C) SPECIAL RULES.—

23 “(i) COORDINATION WITH OTHER LIM-  
24 ITATIONS.—Bonds to which paragraph (1)  
25 applies shall not be taken into account in

1 applying the limitation of subsection (c) or  
2 (f)(2) to other bonds.

3 “(ii) CURRENT REFUNDINGS NOT  
4 TAKEN INTO ACCOUNT.—In the case of a  
5 refunding (or series of refundings) of a  
6 bond designated under this paragraph, the  
7 refunding obligation shall be treated as  
8 designated under this paragraph (and shall  
9 not be taken into account in applying sub-  
10 paragraph (B)) if—

11 “(I) the amount of the refunding  
12 bond does not exceed the outstanding  
13 amount of the refunded bond, and

14 “(II) the refunded bond is re-  
15 deemed not later than 90 days after  
16 the date of issuance of the refunding  
17 bond.

18 “(3) DESIGNATIONS PROCEDURE.—The appro-  
19 priate Secretary shall establish within 90 days after  
20 the date of the enactment of this subsection, the  
21 procedure for the nomination and selection of em-  
22 powerment zones with respect to the designation of  
23 empowerment zone facility bonds.”.

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